

## **REMARKS**

The Examiner has objected to claim 28 for informalities. Those informalities are corrected in the foregoing amendment.

The Examiner has also rejected the claims of the application under 35 U.S.C. § 102 as being anticipated by U.S. Publication No. 204/0206601 to Katou as well as U.S. Patent No. 6,315,194 to Graef. As discussed below, with respect to the above claims, applicants herein traverse the Examiner's rejections.

### **Katou Reference**

The Katou reference discloses a bill deposit/withdraw banking machine. It is not directed to a vending machine as are the rejected claims of the present invention. Katou does not describe a vending machine that includes a bill recycling capability in dispensing products. Katou is thus a completely different type of machine and it does not suggest incorporating a bill recycling device into a vending machine.

As discussed in Katou, bills inserted in the machine are passed through a discriminating unit and then held in either a temporary storage or delivered to a bill recycling box or deposit box. In passing through the discriminating unit, however, there is no indication within the Katou reference that the condition of the notes received by the validator is inspected. Further, there is no indication that the notes selected to be recycled are selected based upon the condition of the notes as required for example in claims 26, 27 and 28. Accordingly, the Katou reference does not teach each element of these claims. A determination of the condition of the notes is significant. In the present invention the notes selected to be recycled are preferentially selected based upon the quality of the note that is received. The quality or condition is not simply the denomination of the note, for example a \$5 note, selected for being sent to the note hopper which receives and may dispense notes. This function is not discussed within the Katou reference, thus the reference does not anticipate the claims.

### **The Graef References**

The Examiner also indicates that claims 26-30 are rejected under 35 U.S.C. § 102(e) as being anticipated by Graef U.S. Patent No. 6,315,194. Graef is also directed to an automated


banking machine, not a vending machine. For the reasons noted above with respect to the Katou reference, the Graef reference does not anticipate the vending machine claims of the present application. However, the Examiner indicates that Graef reference includes a note validator and references No. 72 and 258. Reference No. 72 is referred to in col. 6 lines 52-54 as an imaging device for generating an electronic image of a document. Accordingly, device No. 72 is not a bill validator. By comparison, reference item 258 is identified as being a note validator, see col. 14 line 14, see also col. 14 lines 45-49. The note validator is described as operative to sense notes to determine their validity for acceptance by the machine and to distinguish between valid and invalid notes inserted into a machine. See col. 14 lines 45-49, see also col. 15 lines 53-56 and col. 16 lines 3-5. However, Graef does not indicate that the note validator does anything other than simply validate notes and reject invalid notes. There is no indication in Graef that the note validator is programmed to identify the quality or condition of a note and to be able to selectively direct notes to a specified location if they meet a certain quality and not direct them to that location if they do not meet that quality. As discussed above with respect to the Katou reference, the claims of the present application disclose that the pre-selected characteristics or condition of the notes is identified to maintain integrity of the system by only storing for dispensing notes of adequate quality. Accordingly, nothing in Graef suggests these elements of the claims of the present invention. Thus, Graef cannot anticipate any of the claims and reconsideration is respectively requested.

In view of the foregoing, and in view of the fact that neither of the references relied upon by the Examiner are for vending machines or include any indication that the validators are capable of determining specific qualities of notes and selecting notes of a threshold quality to be recycled and stored in a certain location (as opposed to a general storage location for all received notes), any combination of the two references proposed by the Examiner would not result in obviousness of the present invention. Accordingly, allowance of the claims as set forth herein are respectively requested.

If the Examiner believes a telephone conference would assist in the examination of this patent application, please call the undersigned at the number indicated below.

The Commissioner is hereby authorized to charge any additional fees which may be required, or credit any overpayment to Deposit Account No. 07-1853 during the pendency of prosecution of this application. Should such additional fees be associated with an extension of time, applicant respectfully requests that this paper be considered a petition therefor. A duplicate of this paper is enclosed for the Deposit Account, should it be needed.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'David B. Abel', is written over a horizontal line.

David B. Abel, Reg. No. 32,394  
Attorney for Applicant(s)

**Squire, Sanders & Dempsey L.L.P.**  
801 South Figueroa, 14<sup>th</sup> Floor  
Los Angeles, CA 90017  
Telephone: (213) 689-6565  
Facsimile: (213) 623-4581